



1973 In recognition of its diversification, the C&D Sugar Company changes its name to Redpath Industries Limited.

1959

C&D Sugar opens a new refinery in Toronto, prompted by the building of the St. Lawrence Seaway.

1930

Canada Sugar of Montreal joins Dominion of Chatham, Ontario, to form the Canada and Dominion Sugar Company Limited.

1902

A beet sugar industry begins in southern Ontario. Two of the pioneer beet companies merge to form the Dominion Sugar Company.

1879

Redpath's business, expanded and strengthened, is incorporated as the Canada Sugar Refining Company Limited.

1854

John Redpath builds his "Canada Sugar Refinery" beside the Lachine Canal in Montreal.

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Affiliates

SUGAR: A Fact Sheet

AR43

A summary of basic information
about sugar and its uses

FEB 1 1977

What is Sugar? — Chemists recognize over a hundred sweet substances that are described as "sugars". But only one of these is by common usage called "sugar". It is the natural sweetener sucrose, usually obtained commercially in crystalline form from sugar cane or sugar beets. Sucrose is technically defined as a disaccharide of the carbohydrate family — "disaccharide" because it is a chemical union of two monosaccharides: glucose (dextrose) and fructose (levulose) — "carbohydrate" because it is a chemical compound in which hydrogen and oxygen in the proportion of two to one, as in water, are combined with carbon. Its formula is $C_{12}H_{22}O_{11}$. All carbohydrates are formed originally by photosynthesis: The energy of sunlight, transformed into chemical energy by the chlorophyll in green plants, acts on water and atmospheric carbon dioxide to form plant sugars.

Sugar in History — New data seem to place the origin of sugar cane in the South Pacific about 8,000 years ago. Probably a native of New Guinea, the plant moved northward to Southeast Asia and India. Sugar was specifically mentioned for the first time in 325 B.C. by an officer of Alexander's invading army in India, where it may have been growing for several centuries previously. Sugar cane cultivation and refining spread east to China about 100 B.C., but reached Mediterranean Europe relatively late, probably as a result of the Arab conquests after 636 A.D.

The Spaniards introduced sugar cultivation into their colonies in the Canary Islands, from which Columbus brought cane to the Caribbean on his second voyage in 1493. By 1550, sugar had become one of the most valuable products on the island of Hispaniola (now Haiti and the Dominican Republic) and a pirate's prize. England and France established their own refineries in the 1600's to handle sugar from the West Indies.

Sugar from Beets — Beets, cultivated for food and fodder, were known to the ancient world. It wasn't until 1744, however, that a German chemist, Andreas Marggraf, established that sugar from the white beet, *Beta vulgaris* var. *crassa*, was the same as sugar from cane. His pupil, Franz Achard, developed practical methods of extracting sugar from the beet, with the result that beet culture and sugar factories spread from Prussia to France, Austria and Russia. These developments came to the attention of Napoleon, whose struggle with England had resulted in the cutting off of all shipments of sugar from the Caribbean. In 1811 he issued a decree supporting a vast increase in French beet sugar production. Within two years, 334 factories had been constructed and

35,000 tonnes of sugar had been produced.

Sugar from beets now accounts for about 38 per cent of the world's sugar.

Sugar in Canada — The growing of cane in Canada is impossible because of the climate. Raw cane sugar is imported from the tropics for refining in Canada. Cane sugar refining began in Montreal in 1854. A second refinery was built in Montreal in 1879, and this was followed by refineries in Vancouver (1890) and Saint John (1915). Since 1959 three new cane refineries have been built; one each in Toronto, Oshawa and Montreal.

Sugar beets are an annual crop adaptable to temperate countries. In the 1880's and 1890's three attempts were made to produce sugar beets and beet sugar in Quebec, but all of these ventures failed.

Beginning in 1902, sugar beets were successfully grown in southwestern Ontario for 66 years. In 1903 sugar beets were started in southern Alberta, but the processing companies were in frequent difficulty until B.C. Sugar Refining Co. Ltd. acquired them in 1931.

Today there are six major companies involved with the manufacture of refined sugar in Canada, operating ten manufacturing facilities. This represents approximately one plant per two million Canadians.

A Few Sugar Types and Uses — Each manufacturing unit in Canada produces up to 80 different grades and packages. A few are:

Granulated: This refined sugar is the most common form used in households and commerce. It is produced in various crystal sizes and usually packaged in 1, 2, 4 and 10 kg containers for home use; in small individual service envelopes for restaurants and airlines; in 20 and 40 kg bags and in bulk for food manufacturers. Canadian Food and Drug Regulations require a minimum purity of 99.8 per cent sucrose, but all refined white sugar produced in Canada exceeds 99.9 per cent.

Bulk Granulated: Many food manufacturers purchase granulated in bulk form, to save handling and storage costs in their plants. It is delivered in specially-designed trucks or railway cars, which can carry 20 tonnes and 85 tonnes respectively.

Liquid Sugar: This mixture of water and sugar is preferred by some food manufacturers. Liquid sugar is "metered" into the manufacturers' process. There are many grades and blends of liquid sugar tailored to suit food manufacturers' requirements.

Invert Sugar: When water and sugar are heated in the presence of a weak acid

solution (like in the stomach), the sucrose breaks up into sweeteners of simpler chemical structure: dextrose and levulose. The product, known as invert sugar, is slightly sweeter than sucrose and is popular with some industrial users like soft drink bottlers and confectioners.

Icing Sugar: Icing sugar is pulverized granulated sugar to which not more than five per cent of starch or other anti-caking ingredient is added.

Brown Sugar, Yellow Sugar: Brown sugar, light brown sugar, yellow sugar are refined products, containing a molasses-flavoured syrup which gives the product a distinctive taste and colour. It is available in a variety of grades and colours, and is a "soft" sugar.

Demarara-Style Sugar: This is a dark brown sugar containing coarse crystals.

Molasses: Molasses is a byproduct of the cane and beet refining processes. Cane sugar molasses is edible and comes in many grades from fancy (the highest grade) to black-strap molasses. Sugar beet molasses is non-edible, but it is valuable in the marketplace for the manufacture of yeast, citric acid and for cattle feed mixtures.

Raw Cane Sugar: This product is imported into Canada in special bulk-cargo ships. Conditions under which it is manufactured and shipped vary. Raw sugar is not included in the Canadian Food Regulations because this product does not meet Canadian standards for health and hygiene.

Sweetness in Sugar — Sweetness is influenced by many factors including temperature, pH, and the presence of other substances that need not themselves be sweeteners. The relative sweetness of sugar and other carbohydrate sweeteners are:

	Sweetness Value
Levulose	173
Invert Sugar	130
SUGAR	100
Dextrose	74
Sorbitol	60
Mannitol	50
Galactose	32
Maltose	32
Lactose	16

Preservative Action of Sugar — A preservative is any substance that prolongs the life of foods by inhibiting the growth of micro-organisms. A concentrated sugar solution acts as a preservative. It dehydrates bacteria or yeast cells through the process of osmosis, in which water from their bodies move toward the sugar syrup. This

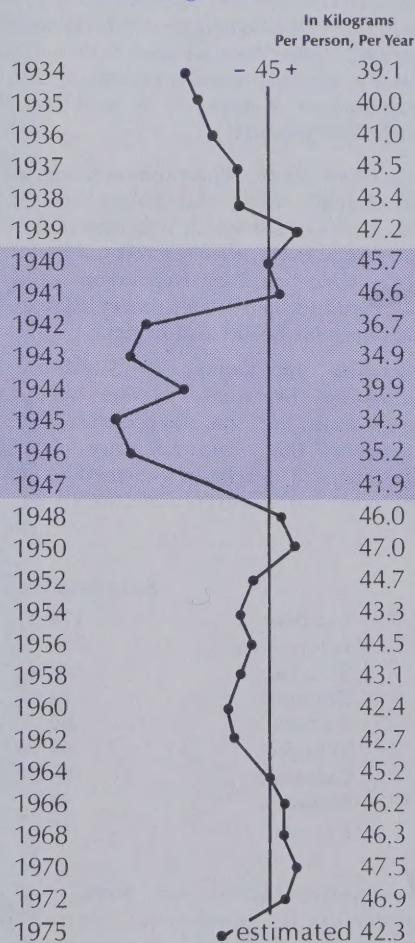
inactivates the micro-organisms. Without the preservative and flavouring qualities of sugar, producers of fruit and vegetables, wine, meats and dairy products would be restricted to the sale of fresh produce in season. Sugar, therefore, is of vital importance to Canadian farmers.

Annual Sugar Consumption Per Canadian

— The amount of sugar eaten by the average Canadian has not been accurately determined. Statistics Canada presents figures on shipments within Canada, and imports, but these figures include: sugar used in products such as pet foods, explosives, tobacco and pharmaceuticals; sugar included in sweetened foods manufactured in Canada and then exported; overbuying in anticipation of rising prices; and sugar that has been wasted. There is a significant amount of sugar wasted by consumers.

The data available, representing "disappearance" of sugar, is bound to indicate more than actual consumption.

Domestic Disappearance of Refined Sugar in Canada



World War II Rationing

Note: Prior to 1968 includes domestic disappearance of dextrose.
(Source: Annual Census of Manufactures, Cane and Beet Processors, Statistics Canada.)

Annual Canadian consumption is estimated to average less than 45 kilograms per person, and is based on domestic refined production, plus imports, less exports of refined sugar. Of this maximum of 45 kg, about 27 kg are used by food manufacturers. Major Canadian products containing sugar are: soft drinks, canned and frozen fruits and vegetables, confectionery, baked goods, biscuits, dairy products, breakfast cereals and wines.

It is estimated that less than 18 kg per person per annum are used in the average home.

It is interesting to note that disappearance per person in Canada is about the same as it was 40 years ago, before and after World War II controls, and during the first two years of wartime rationing.

Sugar Disappearance in Several Developed Countries, Per Person, Per Annum

1971-1972 CROP YEAR*

Country	Kilograms
Israel	60.1
Iceland	56.6
Australia	53.9
New Zealand	51.8
Denmark	50.0
Switzerland	47.0
U.S.A.	47.0
CANADA	46.0
Bulgaria	45.3
Finland	44.9
Sweden	43.3

* September 1 to August 31

(Source: F.O. Licht, World Sugar Statistics, 1972-1973)

Sugar in a Balanced Diet — "Sugar, a pure carbohydrate, is an important nutrient and food in the ... diet when used in moderation ... Sugar is a digestible carbohydrate, and all digestible carbohydrates are nutrients ..." These statements come from a symposium entitled "Sugar in the Diet of Man" reported by the World Review of Nutrition and Dietetics (Basel, 1975).

Sugar provides 15 calories per teaspoon (4 grams) or less than four calories per gram.¹ By comparison, fats supply about nine calories per gram.

There is no commonly accepted guide for the number of calories which should be consumed each day for energy. Much depends upon the individual and his or her activities.

According to the Committee for Revision of the Canadian Dietary Standard, the daily calorie requirement for the average male 16 to 18 years old, is 3,200; for the average female 2,100. Older people, on average, require fewer calories.²

On the assumption the average Canadian consumes 45 kg of sugar per year (a maximum figure) as one of the ingredients

in the diet, it is estimated sugar supplies about 15 per cent of the daily requirement of calories for average 17-year-old males. This percentage undoubtedly varies among individuals depending on food selection patterns and on energy expenditures. It is estimated that in most developed countries, carbohydrate supplies 45 to 50 per cent of total daily calories.³ Therefore, on the average, sugar makes up about one-third of the total carbohydrates, the other principal carbohydrates being starches.

Obesity — A recent Nutrition Canada study on obesity in the adult population concluded the problem existed because some adults consumed too much food in relation to their activities, or did not get adequate exercise. There was an energy imbalance; just plain overeating. The study said: "Calories alone do not account for the overweight problem. Those who are overweight and those who are not, do not differ greatly in the number of calories they consume. The main cause is likely to be a sedentary life and therefore both factors, caloric intake and physical activity need to be considered."⁴

Sugar — A Staple In Canadian Diet

Used in moderation, as befits consumption of all foods and drink, so that other nutrients in a rounded diet are not excluded, sugar is destined to continue to play an important role in Canadian nutrition. It is no longer a luxury. Canadian refined sugar is a staple in the diet.

¹Ministry of Health and Welfare, Canada; *Table of Food Values Recommended for Use in Canada*; 1964.

²Food Prices Review Board; *What Price Nutrition*; February 1975; p. 11.

³Statistical Abstract of the U.S.; Washington; Bureau of the Census; annual.

⁴A National Survey by Nutrition Canada; 1973; p. 112.

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Member Companies:

Atlantic Sugar

B.C. Sugar Refining Co. Ltd.

Canadian Sugar Factories Co.

Manitoba Sugar Co.

Cartier Sugar Ltd.

Redpath Sugars Limited

St. Lawrence Sugar

Westcane Sugar Limited

Questions Most Frequently Asked About Sugar

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1. Is there a difference between sugar refined from sugar beets and sugar refined from sugar cane?

There is no difference in the sugar refined from either cane or beet. Sugar cane and sugar beets are plants that are able to make sugar in larger quantity than any other plants. Sugar cane, a giant grass, thrives in a warm, moist climate, storing sugar in its stalk. The sugar beet grows best in a temperate climate and stores its sugar in its silver-white root. Chemically, sugar from both sources is the same.

2. What is raw sugar?

Raw sugar is a tan to brown, coarse granulated product obtained after evaporation of sugar cane juice. Raw sugar is processed from the cane at a sugar mill and then shipped into Canada in bulk cargoes of 10,000 to 20,000 tonnes. The quality and the conditions under which it is manufactured and shipped vary. This product, therefore, is not approved for direct consumption in Canada, without going through the refining process, and there is no standard in the Canadian Food Regulations for raw sugar.

3. What is brown or yellow sugar?

Brown sugar consists of sugar crystals, in a molasses syrup, which gives the product its natural flavour and colour.

Most sugar refiners produce brown sugar by boiling in a vacuum pan a special syrup, containing the necessary flavour and colour to a mass of crystals and syrup. This mass is spun in a centrifuge, but not washed, so the sugar crystals still retain some of the syrup with its distinctive flavour and colour. Some refiners make brown sugar by adding syrup to a refined white sugar in a mixer. Brown sugar produced either way is much the same.

4. How can brown sugar be stored to prevent lumps?

Brown sugar is marketed in polyethylene plastic bags which can be closed snugly to retain the sugar's natural moisture.

When brown sugar dries out and hardens, empty it into a rust-proof container. Place a piece of plastic wrap or foil on top of the sugar. Dampen a wad of paper towel (not dripping wet); place on the plastic wrap or foil, and cover the container tightly. The sugar will absorb the moisture and become soft in 8 to 12 hours. Then remove the paper towel and keep the container tightly closed.

To soften brown sugar quickly, heat it in a 250° - 300° oven. Watch it carefully and as soon as it is soft, measure the amount you need. When the sugar cools it will become hard again and should be softened using the wet wad of paper method described above.

5. Can brown sugar be substituted for granulated sugar in a recipe?

Yes, if the flavour of the sugar does not influence the recipe results. Pack the brown sugar when measuring or you'll be using less sugar than the recipe requires.

6. What nutrients are present in sugar?

The nutrient in sugar, and most other sweeteners, is limited almost entirely to carbohydrate. These nutritive sweeteners are an important part of the body's total food energy supply. They also have an important role in making many foods taste more palatable. Vitamins and minerals are sometimes present in minimal amounts. (See reverse side.)

7. What is honey?

Honey is essentially an invert sugar. It is formed by an enzyme, honey invertase, from nectar gathered by bees. Honey varies in composition and flavour, depending on the source of the nectar (clover, orange blossom, sage, etc.) A typical analysis of honey would show (exclusive of undetermined substances): 38% fructose, 31% glucose, 1% sucrose, 9% other sugars, 17% water and 0.17% ash.

8. Is honey more nutritious than granulated or brown sugar?

A tablespoon of honey has more calories and carbohydrate content than granulated or brown sugar. It has less calcium, and the same amount of phosphorus and iron as brown sugar. Honey contains minimal amounts of thiamin, riboflavin and niacin. These small amounts of vitamins and minerals in honey make it no more practical than sugar as a source for adequate daily intake of necessary nutrients. (See reverse side.)

9. How many calories in a teaspoon of sugar?

Sugar provides 15 calories per teaspoon (4 grams) or less than four calories per gram. By comparison, fats supply about nine calories per gram.*

10. Is sugar necessary in a balanced diet?

According to the Committee for Revision of the Canadian Dietary Standard, the daily calorie requirement for the average male 16 to 18 years old, is 3,200, for the average female 2,100. Older people, on average, require fewer calories.

People enjoy sugar. They like to eat foods that are sweetened. It is sugar that adds to grapefruit's palatability; that balances the flavour of salad dressings and soups; that increases the desirability of baked goods and dairy products, such as ice cream.

At a recent scientific discussion held in Stockholm, Dr. Arvid Wretling, former director of the Swedish Food and Drug Administration and currently Professor and Director of the Nutrition Unit, Carolina Institute, Stockholm, summed up as follows:

"Good nutrition consists of adequate amounts of water, protein, fat, carbohydrates, minerals, vitamins and fibre. (Water is regarded as a nutrient since it is essential for life processes.) Such nutrition may be obtained by diets containing sugar which is a widely consumed, cheap, carbohydrate . . .

"The amount of sugar in a given satisfactory diet should not be such that it dilutes the nutrient density of the total intake to an unacceptable level. The amount which is acceptable depends upon the nutritive quality of the other constituents of the diet, hence there is not a single figure that can be set as an acceptable level for all dietary patterns.

"Some of the participants (at the Stockholm conference) mentioned figures of 10 to 20 per cent of total energy of the diet as moderate amounts of sugar, with active persons using the larger percentage in this diet, less active using the smaller one. If the rest of the diet is such that adequate amounts of all nutrients are obtained, such levels are acceptable from a nutritional point of view."

11. Where are sugar beets grown in Canada?

Sugar beets are grown in southern Alberta, Manitoba and the eastern townships of Quebec. Refined sugar made from beets accounts for 12 to 15 per cent of Canadian consumption.

12. From what countries does Canada import raw cane sugar for refining?

Raw cane sugar supplies now come to Canada from Natal, Swaziland, Australia, Fiji, Cuba and Dominican Republic.

13. How much sugar do Canadians consume annually?

Total sugar "disappearance" or sales of refined sugar in Canada represent more than two billion pounds, or 45 kilograms per person, per year. This is bound to exceed actual consumption, because disappearance includes: sugar used in products such as pet foods, explosives, tobacco, pharmaceuticals; sugar in sweetened foods made in Canada then exported; sugar that has been wasted by the consumer. Of this maximum about 60 per cent is used in the manufacture of foods, 40 per cent in the home. Sugar disappearance per person is the same as it was forty years ago, including the first two years of World War II rationing.

FOOD VALUES OF NUTRITIVE SWEETENERS

RECOMMENDED DAILY NUTRIENT INTAKE			Age: 16–18 yrs.		White Granulated Sugar	Icing Sugar	Brown Sugar	Molasses	Strained Honey
	Male 64kg 172cm.	Female 54kg 161cm.							
Measure					One Tablespoon				
Weight (g)			12.5	8.3	9.0	20.0	20.0		
	(1)	(1)	(2)	(2)	(2)	(2)	(2)		
Calories	3200.0	2100.0	48.0	32.0	33.0	50.0	62.0		
Carbohydrate (g)			12.5	8.3	8.6	13.0	15.9		
Fat (g)									
Protein (g)	54.0	43.0					0.1		
Calcium (mg)	1000.0	700.0			7.0	33.0	1.0		
Phosphorus (mg)	1000.0	700.0			3.0	9.0	3.0		
Magnesium (mg)	300.0	250.0				9.0			
Thiamin (mg)	1.6	1.1				0.01	tr.		
Niacin (mg)	21.0	14.0				tr.	tr.		
Riboflavin (mg)	2.0	1.3				0.01	0.01		
Vitamin A (ug)	1000.0	800.0							
Ascorbic Acid (mg)	30.0	30.0							
Vitamin D (ug)	2.5	2.5							
Iron (mg)	14.0	14.0			0.2	0.9	0.2		

(1) Health & Welfare Canada, Committee for Revision of Canadian Dietary Standard (Revised 1974).

(2) Table of Food Values Recommended for Use In Canada, Department of Health & Welfare, 1964.

tr. — trace

ug — microgram

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OPERATION OF THE RAW SUGAR MARKET

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Any agricultural commodity which is bought and sold on the open market and subject to changing supply and demand is also subject to considerable fluctuations in price.

The people who deal in it are subject to the risk of gaining or losing substantial sums of money when prices change. Many of the people involved in such a market have no wish to take these risks and prefer to take out "insurance" against them.

A farmer who has a growing crop may find that it is possible to enter into a contract to sell his crop now at a satisfactory price, even though it will not be ready for delivery for several months.

He may prefer to do this, rather than take the risk of a drop in price and be quite ready to forego the opportunity of a rise in price because he is basically a producer, not a speculator. Likewise, a user of the same commodity may prefer to make an agreement for an eventual delivery at a satisfactory price, rather than face the risks of price fluctuations.

This farmer and this user could perhaps get together and enter into a mutually beneficial arrangement. In this case, the farmer has sold a futures contract to the user.

If the farmer in the above example was unable to find a user willing to enter into a suitable contract, he might still be glad to find a speculator who is willing to take the risk of a fall in price because that speculator's judgement tells him that there is more likely to be a rise.

The function of the commodity market is to bring together people who have complementary needs or, to bring together people with a need for service and those who are ready to offer a service.

Sugar refiners are usually concerned with importing, refining and distributing sugar and are not eager to indulge in speculation in the price of the commodity they handle.

Redpath sugars protects itself against these risks by using the London Futures Market and the New York Exchange, both of which are carefully and responsibly listed sugar futures markets, which publish futures prices for as far as 16 months ahead, based on transactions which have taken place. Thus, when Redpath buys a cargo of sugar at a fixed price, this cargo will be immediately "hedged" by the sale of contracts for the delivery of sugar in the month of arrival of the cargo at the future market price for that month. Thus, if the price for this future date falls, the company will lose money on the purchase of the cargo but will gain an almost equivalent amount through the decrease in the cost of fulfilling the futures contract which has been entered into.

For example, if the cargo of 12,000 tons is due for arrival in October and was priced at the futures market price for October of £200 per ton, the futures contracts will be for delivery of the same quantity at, or close to the same price. If the October price now falls to £100 per ton, Redpath will lose £1,200,000 on the value of the cargo but will be able to satisfy its futures contracts at a profit of about the same magnitude. These quantities show the enormous risks involved in operating without market protection.

Similarly, if a customer wishes to sign a contract to buy actual sugar next November, Redpath will agree to a contract at a refined price calculated from the November futures market price for raw sugar and will then immediately buy futures for the same quantity on the market to obtain protection against an increase in price before delivery date.

These futures contracts need not involve physical movement of sugar. If Redpath makes an agreement to deliver sugar in November at a certain price, all that is required in November is a settlement of the difference between the contract price and the spot price on that day. It is, of course, possible for the action of speculators to cause a false rise or fall in price as people flock to buy or sell in anticipation of a further rise or fall in price. However, the market is sufficiently dominated by those concerned with real movement of sugar that this has not been too much of a factor in operation of the futures market.

Naturally, speculators will not stay in the market, taking risks, if they are not generally successful at making money. It is not unreasonable that people providing this necessary service should expect to be paid for it, and accordingly companies such as Redpath who are seeking to avoid risks will, in general pay a premium for the protection that they get. This is as much a part of the normal cost of doing business as the insurance premiums which protect against fire or other forms of risks.



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SUGAR AS A FOOD

How Is It formed?

Sugar is formed from carbon dioxide in the air, and water in the green parts of plants, by photosynthesis. Photosynthesis is the chemical change brought about by sunlight in the presence of chlorophyll, the green colouring. The process occurs in many plants. Sugar is formed in the sap of trees such as the maple, in roots like the carrot and beet, and in the roots and stems of all grasses. The sugar is stored in different parts of different plants. It is soluble in water, and travels in the sap to the storage area of the plant. Commercially, the only plants worth processing for sugar extraction are the roots of the sugar beet and the stems of the great grass called the sugar cane.

It has the chemical formula $C_{12}H_{22}O_{11}$, i.e., it is a combination of twelve molecular weights of carbon and eleven molecular weights of water. It is, therefore, one of the groups of compounds known as the carbohydrates.

(Cane Sugar Handbook, Spencer & Meade, 8th ed., 1957)

Cane and Beet Sugar

Most of Canada's raw sugar is imported from countries like Australia, Cuba, Mauritius and Swaziland, where it is grown as sugar cane. About 12 percent of Canada's sugar comes from sugar beets grown primarily out West.

There is no significant difference between the refined sugar produced from the sugar cane and sugar beet.

Sugar and Nutrition

Sugar supplies energy in the form of carbohydrate--pure and simple. It is one of the cheapest sources of energy in the human diet and one that is easily transported and stored. Most sugar is eaten together with other foods which contain specific nutrients. Regardless of whether sugar is in raw form, brown or refined white, it is not a source of minerals, vitamins and protein. If diets do not include these nutrients, they should be adjusted accordingly. Sugar cannot supply them any more than eggs can supply Vitamin C, or butter can provide iron.

Health and Welfare Canada recommends a daily calorie intake for all types of people, for example:

<u>Age</u>	<u>Sex</u>	<u>Daily Calorie Intake</u>
16-18	M	3200
	F	2100
19-35	M	3000
	F	2100
51 and over	M	2300
	F	1800

(Committee for the Revision of the Canadian Dietary Standard, Bureau of Nutritional Sciences)

Calories can be obtained through many foods other than sugar (such as fruits) and can be obtained without consuming sugar directly. The Food Prices Review Board, in its report "What Price Nutrition" published in February, 1975, included 10 pounds of sugar in its list for a nutritious diet. This is for a family of four (man, woman, teenage boy and elementary school-age girl) over a period of four weeks.

Depending on the quality of the sugar cane or sugar beet and the milling process in the country of origin, raw sugar will range from 96 to 98 per cent sucrose (pure carbohydrate). It contains extraneous material such as bits of soil, yeast, molds, waxes, bacteria, lint and beet pulp or cane fibres. It also includes moisture, mineral and organic non-sugars.

The Food Directorate of Health and Welfare Canada does not consider raw sugar fit for human consumption without going through the refining process and, therefore, there is no standard in Canadian food and drug regulations for raw sugar.

Brown sugar is a mass of refined white crystals sprayed with a syrup similar to molasses. The method of applying this syrup is a process patented by Redpath.

Refined white sugar is pure carbohydrate, about 99.9 percent sucrose.

An average chemical breakdown of all three substances is as follows:

	<u>Raw</u>	<u>Brown</u>	<u>Refined White</u>
Sucrose	97-98%	90-92%	99.9%
Ash (made up of calcium, iron potassium, sodium, etc.)	.59-.21%	1-2%	.004-.01%
Water	.69-.35%	2.5-3.5%	.006-.020%
Invert (broken down sucrose)	.45-.29%	2.5-4.0%	.005-.010%
Vitamins	trace amt.	trace amt.	trace amount

Canadian Consumption

Consumption of sugar in Canada is computed using the amount of sugar which is produced. This is reasonably accurate but does not take into account wastage or use of sugar in non-foods like pharmaceuticals, explosives, etc.

Annual consumption in Canada, as in most industrialized countries, has remained relatively constant for the last 40 years.

Consumption per person in Canada:

	kilograms	pounds
1940	45.7	100.5
1950	47.0	103.5
1960	42.4	93.3
1970	47.5	104.6
1975	41.2	90.65
1976 (estimated)	43.1	94.8

(Annual Census of Manufacturers, Cane & Beet Sugar Processors--Statistics Canada)

Consumption per person in some other countries for 1975:

	kilograms	pounds
Australia	57.6	126.7
Cuba	54.0	118.8
European Economic Community	36.7	80.7
German Democratic Republic	41.6	91.5
Israel	56.4	124.1
Switzerland	34.0	74.8
U.S.A.	42.1	92.6

(Sugar Yearbook 1975--International Sugar Organization)

General

a) Sugar has properties which permit it to be widely used by our food industry in food preservation (jams, fruit syrups), food manufacturing (biscuits, cakes and confectionery), and cooking.

b) Various sugars have important value in the dietary treatment of a number of illnesses because, in solution, they are easily accepted, easily digested and help to keep up the energy intake. Foods containing other essential nutrients must be included as well. Liquid glucose,

sucrose and sugar solutions such as dextrose and invert sugar are widely used in hospitals throughout the world.

c) The sugar industry is supporting medical research studies in many countries--including Canada--into health problems such as coronary heart disease, dental caries, obesity and diabetes. An organization called the International Sugar Research Foundation, based in Bethesda, Maryland, regularly undertakes new research around the world and publishes the results as they become available.

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NOTE:

THE ATTACHED IS THE TEXT OF REMARKS MADE TODAY BY
NEIL M. SHAW, PRESIDENT OF REDPATH INDUSTRIES LIMITED,
AT THE COMPANY'S ANNUAL MEETING IN MONTREAL'S RITZ
CARLTON HOTEL.

FEBRUARY 1, 1977

MR. CHAIRMAN, DIRECTORS, SHAREHOLDERS AND INVITED GUESTS,

THE ANNUAL REPORT MAILED TO ALL SHAREHOLDERS EARLY IN JANUARY HAS PROVIDED YOU WITH DETAILED INFORMATION ON YOUR COMPANY'S OPERATIONS FOR THE YEAR ENDED SEPTEMBER 30, 1976. IT WAS A YEAR OF SIGNIFICANT PROGRESS AND WAS OUR MOST SUCCESSFUL FINANCIAL YEAR IN HISTORY.

MAY I NOW COMMENT ON DEVELOPMENTS WHICH HAVE OCCURED SINCE SEPTEMBER 30.

AGRO-INDUSTRIAL DIVISION

SUGAR

CANADIAN CONSUMPTION OF SUGAR HAS LEVELLED OFF AT SLIGHTLY LESS THAN THE LEVEL IT REACHED PRIOR TO THE HIGH-PRICE PERIOD OF 1974-75. REDUCED RAW SUGAR PRICES AND CONSEQUENT LOWER REFINED PRICES HAVE COMBINED TO ENABLE REDPATH SUGARS TO MAINTAIN A SATISFACTORY MARGIN AND HAVE ANOTHER SUCCESSFUL YEAR. WE HAVE A SITUATION OF SOME OVERCAPACITY IN THE CANADIAN REFINING INDUSTRY, BUT FEEL THAT REDPATH IS ADEQUATELY EQUIPPED TO MAINTAIN ITS POSITION AS THE LEADING REFINER IN EASTERN CANADA. WE ARE THE ONLY SUGAR COMPANY WITH TWO CANE SUGAR REFINERIES, ONE IN EACH OF THE MAJOR MARKETS OF TORONTO AND MONTREAL.

WE EXPECT PRICES TO REMAIN LOW DESPITE RECENT INCREASES. ALL PRESENT INDICATIONS ARE THAT THIS SITUATION WILL CONTINUE FOR THE FORESEEABLE FUTURE. UNFORTUNATELY, SUGAR PRICES TODAY ARE AT LEVELS WHICH DO NOT COVER THE COST OF PRODUCTION IN MOST CANE AND BEET GROWING AREAS OF THE WORLD. WE BELIEVE THIS CREATES ADDED MOMENTUM FOR A NEW INTERNATIONAL SUGAR AGREEMENT IN THE YEAR AHEAD. YOUR COMPANY WILL SUPPORT THE CANADIAN GOVERNMENT'S POSITION THAT SUCH AN AGREEMENT WOULD BE BENEFICIAL TO BOTH THE EXPORTING NATIONS AND TO THE IMPORTING NATIONS, SUCH AS CANADA. IF THIS AGREEMENT IS SUCCESSFULLY NEGOTIATED IT COULD MEAN SLIGHTLY HIGHER PRICES TOWARDS THE END OF THIS YEAR.

I WOULD LIKE TO POINT OUT AGAIN THAT THE CANADIAN SUGAR REFINING INDUSTRY CONTINUES TO OPERATE WITH VIRTUALLY NO TARIFF PROTECTION ON REFINED SUGAR ENTERING THIS COUNTRY, IN SPITE OF THE FACT THAT SUGAR IS THE CHEAPEST FOOD IN THE CANADIAN DIET. VERY FEW, IF ANY, CANADIAN MANUFACTURERS ARE IN THIS EXPOSED POSITION. A TARIFF PROVIDING MODERATE PROTECTION WOULD ENABLE YOUR SUGAR INDUSTRY TO MEET THE NEEDS OF THE CANADIAN MARKET, WITHOUT PROVIDING ANY IMPETUS FOR INCREASING REFINED PRICES FROM DOMESTIC REFINERS OF SUGAR.

OUR RAW SUGAR TRADING AND PURCHASING ACTIVITIES WERE TRANSFERRED TO A SEPARATE COMPANY, COMTRAD LIMITED, WHICH HAS OPERATED IN A RELATIVELY STABLE ENVIRONMENT OVER THE LAST FEW MONTHS. AND WE EXPECT TO EXPERIENCE FAVOURABLE TRADING CONDITIONS OVER THE REMAINDER OF THE YEAR. I AGAIN REMIND YOU THAT WE MUST ENGAGE IN TRADING AND HEDGING OF SUGAR FUTURES TO INSULATE YOUR COMPANY AGAINST MAJOR LOSSES OR PROFITS. IN PAST YEARS WE HAVE BOTH MADE AND LOST MONEY ON OUR HEDGING AND TRADING OPERATIONS AND IN THE CURRENT PERIOD OF LOW SUGAR PRICES THE WORLD MARKET IS WORKING TO THE ADVANTAGE OF THE SUGAR BUYER.

EARLY IN OCTOBER YOUR COMPANY HAD AN OPPORTUNITY TO PURCHASE 30% OF REFINED SYRUPS AND SUGARS INC., A SUGAR REFINING COMPANY IN YONKERS, NEW YORK. IN DECEMBER/JANUARY FURTHER DEVELOPMENTS OCCURED WHICH ENABLED US TO BUY OUT OUR TWO PARTNERS. OUR INTEREST NOW IS 100%, BUT WE HOPE AND EXPECT THAT TATE AND LYLE WILL BE GIVEN APPROVAL BY THE BANK OF ENGLAND TO TAKE A 50% INTEREST. THERE IS A RISK TO THE VENTURE BECAUSE THE REFINERY SPECIALIZES IN LIQUID SUGAR RATHER THAN GRANULATED. THERE IS AN OVERSUPPLY OR EXCESS CAPACITY SITUATION IN THE NORTHEASTERN STATES FOR THIS PRODUCT. IT IS OUR INTENTION TO SPEND CAPITAL ON THE REFINERY AND CHANGE THE PRODUCT MIX FROM LIQUID TO GRANUATED AND CONSUMER PRODUCTS. HAVING JUST RETURNED FROM A WEEK OF CALLING ON MAJOR CUSTOMERS IN THE NEW YORK AREA I AM CONFIDENT THAT THE TATE AND LYLE/REDPATH PRESENCE WILL BE WARMLY WELCOMED IN A MARKET WHICH IS DOMINATED BY ONE MAJOR SUPPLIER.

OUR NEW SUBSIDIARY HAS A LOT OF WORK TO DO, BUT THAT WORK WILL BE ACCOMPLISHED BECAUSE OF THE CALIBRE OF OUR NEWLY ESTABLISHED MANAGEMENT TEAM.

I AM MORE THAN PLEASED TO ADVISE THAT ONE OF YOUR DIRECTORS, MR. JAMES FERGUSON, HAS AGREED TO MOVE FROM SUNNY CALIFORNIA TO SNOWY NEW YORK TO TAKE UP THE POSITION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER. MR. FERGUSON WILL BE ASSISTED BY MR. DAN MAHONY AS EXECUTIVE VICE-PRESIDENT, MR. SAM EDELMANN AS VICE-PRESIDENT AND TREASURER, AND MR. RUSSEL DAVIES AS VICE-PRESIDENT, REFINING OPERATIONS. THESE GENTLEMEN ARE HERE TODAY AND I KNOW YOU WILL ENJOY TALKING TO THEM ABOUT THIS NEW VENTURE. TO GIVE YOU SOME IDEA OF SIZE, THE NEW REFINERY AT YONKERS HAS A CAPACITY THROUGHPUT EQUAL TO THE COMBINED THROUGHPUT OF OUR MONTREAL AND TORONTO REFINERIES.

REDPATH CONSULTANTS INTERNATIONAL INC.

IVORY COAST

WORK ON THE IVORY COAST PROJECT CONTINUES ACCORDING TO PLAN. THERE ARE PROBLEM AREAS, BUT THEY ARE CONSIDERED NORMAL-TYPE PROBLEMS ON A PROJECT OF THIS SIZE.

CAMEROONS

IN THE QUARTER UNDER REVIEW WE OBTAINED A CONTRACT FOR A FEASIBILITY STUDY FOR THE GOVERNMENT OF THE CAMEROONS ON A NEW CANE SUGAR GROWING AND REFINING COMPLEX. IF THE FEASIBILITY STUDY PROVES TO BE POSITIVE, REDPATH WILL HAVE AN OPPORTUNITY TO CARRY OUT THE ENTIRE PROJECT ESTIMATED AT \$100 MILLION.

HIGH FRUCTOSE CORN SYRUP

WE CONTINUE TO UPDATE AND REVIEW THE FEASIBILITY OF AN INVESTMENT IN CANADA FOR A HIGH FRUCTOSE CORN SWEETNER PLANT.

CONSTRUCTION MATERIALS

WE CONTINUE TO MAKE PROGRESS IN NEW PRODUCT DEVELOPMENT AND SALES VOLUME IN OUR PLASTIC, PVC AND POLYETHYLENE PRODUCT LINES. THERE IS PRESSURE ON PROFIT MARGINS IN CANADA. VOLUME AND PRICES IN THE UNITED STATES ARE SHOWING MORE SATISFACTORY RESULTS AND REFLECT THE STRONGER ECONOMY IN THE U.S.

PACKAGING DIVISION

DURING THE QUARTER WE WERE ABLE TO COMPLETE THE ACQUISITION OF HOLWAY PAPER BOX AND MERRY PACKAGING. THESE TWO COMPANIES, PLUS OUR PRESENT SUBSIDIARY - CB PACKAGING - NOW GIVE US A SIGNIFICANT PRESENCE IN THE ONTARIO PACKAGING INDUSTRY. WE AT REDPATH ARE MORE THAN PLEASED THAT MR. PAUL NEWELL, THE CHAIRMAN OF MERRY PACKAGING, HAS ACCEPTED AN INVITATION TO JOIN OUR BOARD OF DIRECTORS. MR. NEWELL HAS HAD MANY YEARS EXPERIENCE IN THE PACKAGING INDUSTRY AND COUPLED WITH HIS PROVEN MANAGEMENT TECHNIQUES WILL ADD A GREAT DEAL OF STRENGTH TO OUR MANAGEMENT. MR. NEWELL WILL CONTINUE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF MERRY PACKAGING. EXPANSION PLANS IN THE FORM OF NEW PRODUCTS AND NEW MACHINERY WILL PROCEED ACCORDING TO THE PLANS WE FORMULATED TOGETHER BEFORE THE ACQUISITION.

OIL AND GAS

OUR SMALL BUT ONGOING INVESTMENT IN AN OIL AND GAS DRILLING FUND CONTINUES TO SHOW GOOD RESULTS. WE HAVE NOW PARTICIPATED IN THE DRILLING OF 44 WELLS, ALL IN ALBERTA AND BRITISH COLUMBIA. SEVEN OIL WELLS AND 26 GAS WELLS HAVE BEEN SUCCESSFUL. THE EXTENT OF THESE RESERVES WILL BE MADE KNOWN TO OUR SHAREHOLDERS BY THIS TIME NEXT YEAR.

WE EXPECT TO CONTINUE WITH THIS INVESTMENT WITH THE LONG-TERM OBJECTIVE OF TRADING THE ASSET FOR AN INTEREST IN A PLASTIC RESIN PLANT WHICH IN TURN WOULD MEET OUR OWN REQUIREMENTS AT THAT TIME.

PEOPLE

AT THE OCCASION OF AN ANNUAL MEETING SUCH AS THIS YOU HAVE BEEN KIND ENOUGH IN THE PAST TO EXPRESS YOUR APPRECIATION WHEN MY ADDRESS IS OVER. I AM ACUTELY AWARE THAT AS YOUR COMPANY'S OPERATIONS EXPAND, THAT EXPRESSION OF APPRECIATION IS FOR ALL OF THE SENIOR MANAGEMENT. THE SENIOR EXECUTIVES CANNOT, UNFORTUNATELY, ALL BE IN THE LIMELIGHT AT THIS OCCASION, BUT NEVERTHELESS THEY ARE THE INDIVIDUALS LARGELY RESPONSIBLE FOR YOUR COMPANY'S PROGRESS.

I WOULD LIKE TO SINGLE OUT ONE OR TWO INDIVIDUALS FOR SPECIFIC MENTION. MR. STEPHEN STACHENKO HAS BEEN RESPONSIBLE FOR OBTAINING THE IVORY COAST AND CAMEROONS CONTRACTS. AS STATED IN THE ANNUAL REPORT, MR. STACHENKO WAS APPOINTED A VICE-PRESIDENT OF REDPATH INDUSTRIES LIMITED WITH RESPONSIBILITY FOR REDPATH SUGARS LIMITED, THE IVORY COAST PROJECT AND OTHER AGRIBUSINESS PROJECTS. WE EXPECT THIS DIVISION TO GROW SUBSTANTIALLY IN THE FUTURE.

MR. RON BOOTH JOINED THE COMPANY AS A VICE-PRESIDENT AND GENERAL COUNSEL.

MR. MURRAY McEWEN WAS MADE PRESIDENT OF REDPATH SUGARS LIMITED. WE WELCOME THESE TWO MEN AS WELL AS OUR NEW COLLEAGUE AT REFINED SYRUPS AND SUGARS.

FIFTY-SEVEN YEARS AGO MR. WILLIAM PUNCHARD JOINED THE OLD DOMINION SUGAR COMPANY IN CHATHAM, ONTARIO. MR. PUNCHARD ROSE THROUGH THE ORGANIZATION AND WAS VICE-PRESIDENT WHEN HE RETIRED IN 1969. BILL PUNCHARD MADE A CONTINUING CONTRIBUTION TO THE COMPANY THROUGHOUT HIS CAREER AND FORTUNATELY FOR MANY OF US, HE STAYED ON AS A DIRECTOR AFTER HIS RETIREMENT. MUCH OF THE SUCCESS OF THE COMPANY AND, OF MANY OF US AS INDIVIDUALS, IS DUE TO HIS EFFORTS AND COUNSEL OVER THE YEARS. AT HIS REQUEST HE HAS RESIGNED AS A DIRECTOR AND I KNOW YOU WOULD WANT ME, ON YOUR BEHALF, TO SAY "THANK YOU AND BEST WISHES FOR A HEALTHY AND LONG RETIREMENT".

OUTLOOK

WE ARE OPTIMISTIC THAT REDPATH WILL HAVE ANOTHER GOOD YEAR. I WILL NOT ATTEMPT TO EXPRESS AN OPINION ON THE RESULTS OF THE ELECTION IN THE PROVINCE OF QUEBEC LAST NOVEMBER 15TH. I WILL SAY IT IS BUSINESS AS USUAL AND WE WILL TRY TO WORK WITH THE NEW GOVERNMENT WHENEVER OUR PATHS CROSS.

YOUR COMPANY'S ASSETS ARE NOW SPREAD OVER NORTH AMERICA AND OVERSEAS SO WE ARE NOT ACUTELY VULNERABLE IN ANY PARTICULAR AREA.

I WOULD LIKE TO POINT OUT THAT WE HOPE YOUR COMPANY WILL BE VIEWED WITH MORE INTEREST FROM THE INVESTMENT COMMUNITY IN CANADA IN THE FUTURE. WE BELIEVE WE ARE DEVELOPING A WELL-ROUNDED MIX OF COMPANIES AND WE EXPECT OUR EXPANSION PROGRAM TO CONTINUE AS OPPORTUNITIES PRESENT THEMSELVES. SHORTLY YOU WILL BE ASKED TO RATIFY A BYLAW ENACTED ON OCTOBER 26TH BY THE BOARD, WHICH WILL DIVIDE ALL OF OUR AUTHORIZED CLASS A AND B SHARES ON A TWO-FOR-ONE BASIS. THIS WILL SUBSTANTIALLY ADD TO THE POOL OF REDPATH SHARES AVAILABLE TO THE INVESTMENT COMMUNITY.

THE UNAUDITED EARNINGS FOR THE QUARTER ENDED DECEMBER 31ST WERE \$1.05 PER SHARE COMPARED TO \$1.20 IN 1975.

TOTAL SALES WERE \$38 MILLION COMPARED TO \$48.5 MILLION. THIS DECLINE IS DUE ENTIRELY TO THE DROP IN WORLD RAW SUGAR PRICES, ALL OF WHICH HAS BEEN IMMEDIATELY PASSED ON THE CONSUMER.

THE DECLINE IN EARNINGS IN THE QUARTER IS DUE TO SOFT PROFIT MARGINS IN THE CONSTRUCTION MATERIALS DIVISION AND A LOWER VOLUME OF REFINED SUGAR SALES, PARTIALLY DUE TO THE COLDER WEATHER. UNSEASONABLY COLD WEATHER DOES AFFECT THE PRODUCTION RUNS OF MANY OF THE PRODUCTS WHICH CONTAIN SUGAR AS A BASIC INGREDIENT.

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YOUR MANAGEMENT AT REDPATH LOOKS FORWARD TO THE CHALLENGES
AND OPPORTUNITIES OF 1977.

- 30 -

FEBRUARY 1, 1977

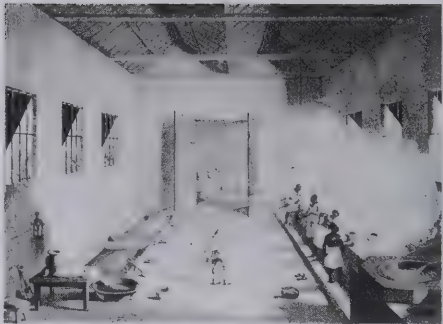
One hundred and twenty-five years ago, a Scots immigrant, John Redpath, built a small sugar refinery in Montreal. The business he founded has grown to become the modern, diversified company known as Redpath Industries Limited. □ This anniversary Annual Report provides a chronology of the company's growth. It also pays tribute to the people of Redpath whose skills, initiative, and drive continue to be our main strength.

Honey was the first form of sugar enjoyed by mankind. A Neolithic artist painted this picture of a honey gatherer on a cave wall in Spain 20,000 years ago.

A primitive sugar mill in India. Sugar cane was first used as a vegetable, valued for its sweet juice. About 500 B.C., the Indians discovered how to boil the cane juice to make sugar. North American Indians later made a similar discovery about the sap of the maple tree.



A West Indian sugar house, about 1835. The discovery of the New World by Columbus led to the establishment of many “sugar colonies,” and a vast increase in sugar production. By the 19th century sugar had become a staple in the diet of Western man.

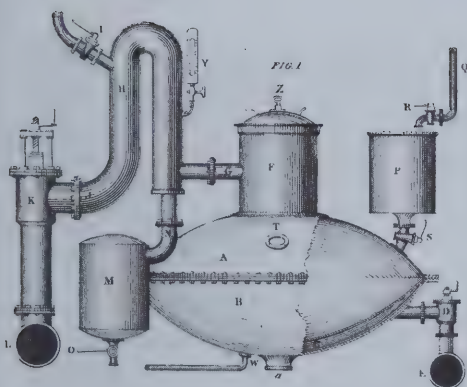


The Redpath refinery was built in 1854. The foundations of the original building are still intact and a modern sugar refinery of Redpath Sugars Limited operates on the same site.

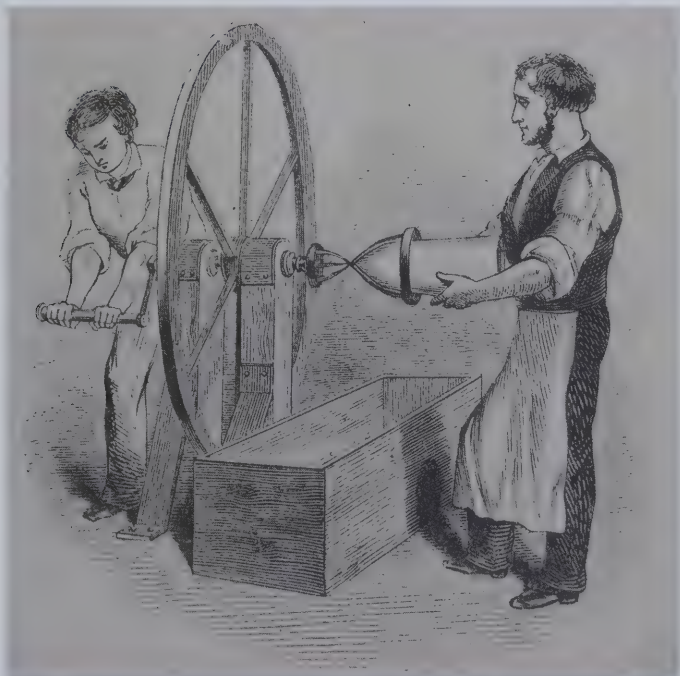


John Redpath was a Scottish stonemason who came to Canada in 1816. He soon established himself as a building contractor and by 1840 was one of the leading citizens of Montreal. An earnest, upright Victorian, he built the Canada Sugar Refinery “for the purpose of establishing a new branch of manufacture in Canada and also with the view of creating a business for his sons.”

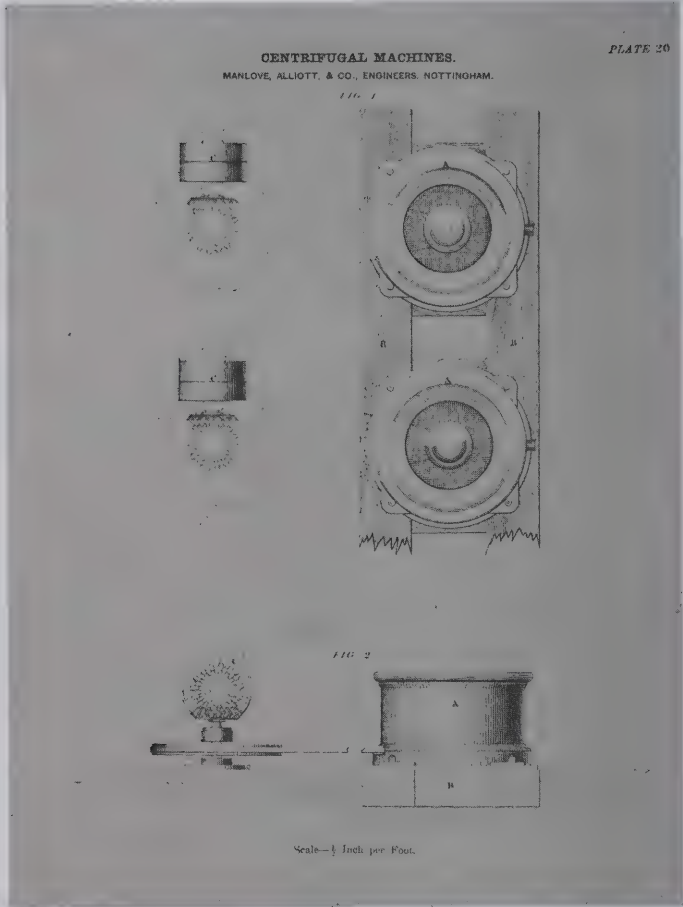
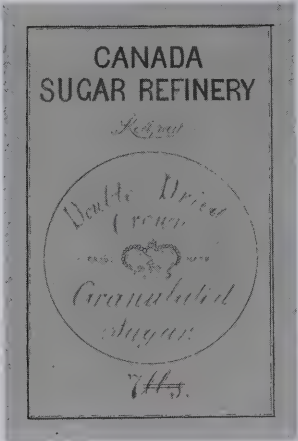
Making sugar loaves, about 1850. The sugar loaf is one of Redpath's traditional trademarks.



The vacuum pan is the heart of the sugar refining process. This picture shows the type of pan in use when John Redpath's refinery began operating.



"Nosing" a sugar loaf, about 1850. Redpath made sugar loaves until about 1870.



The centrifugal is another essential machine in the sugar refining process. They were first used in Canada at Redpath's refinery in the early 1860's. "We wish to keep pace with all the improvements of the day...the refinery is very much changed...especially by the introduction of centrifugals of which we have now a large number in use..."

George A. Drummond, 1864



George and Helen Drummond, about 1880. George Drummond was John Redpath's brother-in-law. He came to Canada in 1854 to manage the sugar refinery. He had an extremely successful career, becoming President of the Canada Sugar Refining Company in 1880, a Senator in 1883, and being knighted "Sir" George in 1904. He died in 1910.



George Drummond was also President of the Bank of Montreal for many years. His portrait is on the right side of this banknote.



Huntly Redpath Drummond,
eldest son of George Drummond,
was President of Canada Sugar
from 1911 to 1930.



Huntly Drummond was a great athlete. He was a member of the Montreal football team which won the Canadian Championship in 1884, and was more than once a Canadian champion in ski-jumping.



Canada Sugar employees gathered to celebrate the Company's 50th anniversary in 1904. "The weather was beautiful...flags all over inside and outside... Band, music, conjuring tricks...also singing and dancing by talented members of the refinery and they were really good. Meanwhile the men's dressing room had been laid out for refreshments...and all the men had a good tuck out—meat, sandwiches, cake, ice cream, fruit, ginger ale, coffee, etc. There was plenty—I hear quite a little was taken home..."

Maurice to Arthur Drummond, August 20, 1904



After 50 years, the much expanded Redpath refinery in 1904.



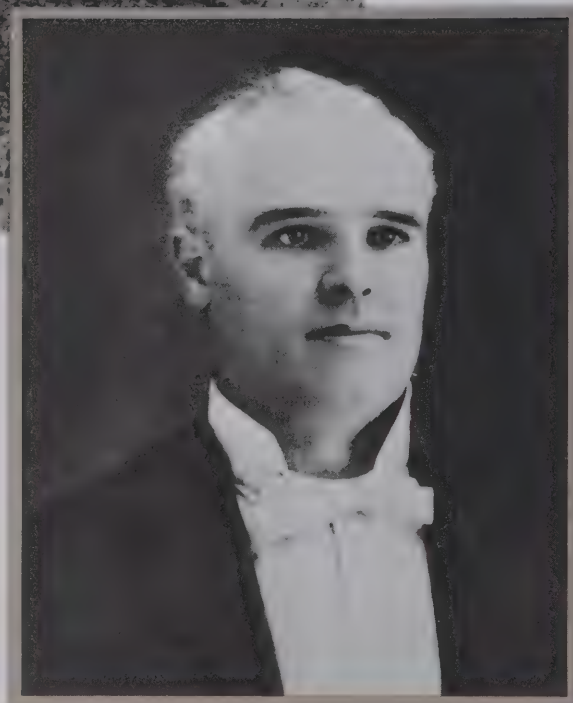


Franz Achard was the father of the beet sugar industry. He built the first beet factory in Germany in 1802. He was a pupil of Andreas Marggarf, the German scientist who discovered, about 1745, that sugar beets contained the same sugar as that found in sugar cane.



Back breaker! Thinning sugar beets in 1930.

D.A. Gordon was a businessman from Wallaceburg, Ontario. He was one of the pioneers who established the beet sugar industry in Ontario in 1902. In 1909 he became President of the newly-formed Dominion Sugar Company which later merged with Canada Sugar of Montreal to form Canada and Dominion Sugar Company Limited.



CRYSTALS



The Dominion Sugar baseball team, about 1912. C.H. Houson, who became President of Dominion Sugar, and of C&D, is in the front row, second from left. Clarence Coyle, who became a Vice-President of C&D, is on the left end of the centre row.

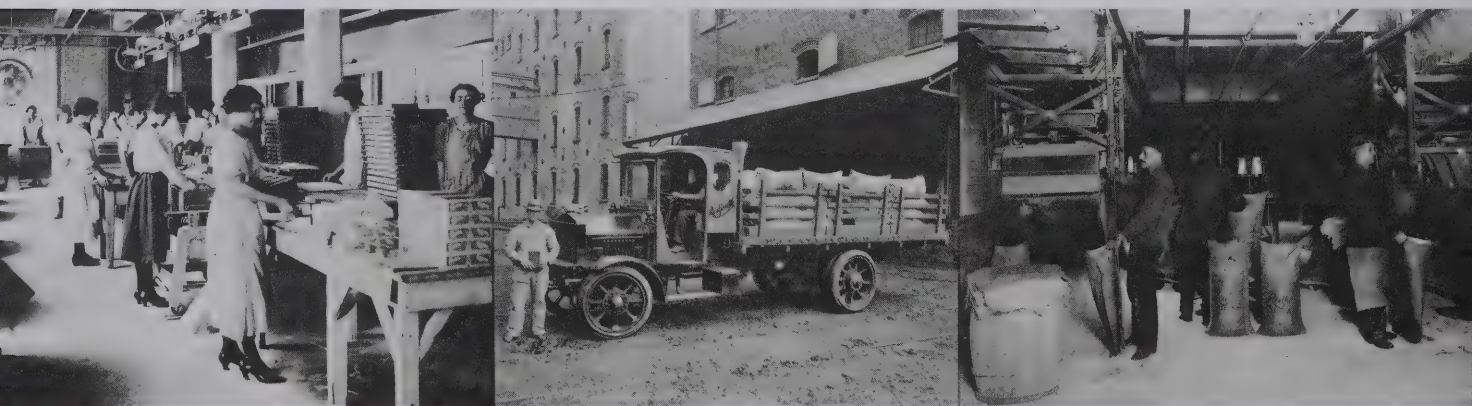


After 75 years; Canada Sugar Refinery employees pose in the raw sugar warehouse. One year later they all joined a new company, Canada and Dominion Sugar Company Limited.

Packing sugar cubes in Montreal, about 1919.

"Let Redpath Sweeten It!" One of Canada Sugar's delivery trucks about 1919. The slogan has been used since registered in 1916.

Packing and stitching 100 lb. bags; Montreal, about 1919.



Centennial, 1954; in the background
is a Redpath innovation—the first raw
sugar to arrive in Canada in bulk.





1958—construction of RSL's Toronto refinery. The refinery was built as a direct consequence of the development of the St. Lawrence Seaway.



The Toronto refinery was opened by Her Majesty Queen Elizabeth II on June 29, 1959. Former C&D President Bill McGregor escorts the Queen; Vice President Mel Davidson is with the Duke of Edinburgh.

Canada and Dominion Sugar became Redpath Industries Limited in 1973 as a result of its diversification program. Today the operating subsidiaries and associate companies include Redpath Sugars Limited, Redpath Consultants International Limited, Refined Syrups & Sugars Inc., Zymaize Company, Daymond Limited, Certainteed/Daymond Co., Gienow Limited, Multi Fittings Limited, Multi Fittings (USA) Limited, London Plastics Machinery Limited, CB Packaging Limited, and Merry Packaging Limited.



The history of any company is shaped by its people. And, in the 1970's, we have become more aware of the fact that corporations should not be thought of in impersonal terms. Portrayed on the following pages is a sampling of the views and activities of the employees in our three divisions: Agro-Industrial, Construction Materials, and Packaging. These representatives illustrate the fact that people are a company's most important asset.



Jan Kuzmiec spends time at his cottage near Belleville, Ontario, whenever he can. It's the perfect place to rest, and the fishing there is excellent. When he's in Toronto, Jan is process manager at Redpath Sugars. In a setting just north of the city, Jan demonstrates a fishing technique for the photographer.



"We're a foster family," explains Sylvia Lauzon. Sylvia's husband, their 12-year-old son, and 14-year-old foster son (in the photo) like that description. Last summer they chaperoned 17- to 21-year-olds on a camping trip and refinished a newly-built room in the attic of their home in Chatham, Ontario. When she's not riding her bicycle, Sylvia is warehouse lead hand at Daymond's aluminum plant in Chatham.



Winning a track scholarship got **Meredith Lynn "Butch" Waggoner** to Hardin-Simmons University. Studying got him his degree in Biology and Sociology. Hard work moved him from sales rep to sales manager in charge of 13 states for Multi Fittings (USA)

Limited, in Waco, Texas. Sports goes way back to high school days for Butch. His first love is basketball. He's been officiating for more than five years in both high school and junior college ball and hopes some day to officiate major college ball.



It's not enough for **John "Jack" Horan** to be a serviceman for Refined Syrups and Sugars. He's got energy to spare. In Far Rockaway, New York, Jack coaches a Little League baseball team sponsored by the Daniel M. O'Connell Veteran's Post of the American Legion 272. The team has included girls, says Jack, "ever since their mothers got liberated." Jack is active as vice-president of the Brooklyn Hemophilia Association and often organizes blood drives. In addition to all of this, he's a trustee of Local 1814-1 of the International Longshoreman's Association.



"The night shift just works out better. I started working that shift when the children were young and so I didn't need a babysitter." That was 15 years ago. Now **Sally McLennan** is night shift inspector at Multi Fittings in London, Ontario. Even after a whole shift Sally can enjoy the sunshine in her backyard.



Malcolm MacKinnon is foreman of the bag department at CB Packaging in Toronto. He's been with the company for 8 years and supervises 35 people. "They're the best part of my job," he says.

Home is people too. Here he is in the backyard, relaxing with his sons, Bart and Justin, who ignore the camera. They're used to having their pictures taken—at home and on the hunting trips the family takes.



For relaxation, **Colm Patrick Kelly** rides his motorbike around the Ivory Coast project site near the town of Abidjan. As an employee of Redpath Consultants International Limited, Colm has been involved with the building and installation of major equipment at the project since January 1977.

He and his wife, Joanne, will leave the Ivory Coast and return to Montreal with an extra bundle—on February 2, 1978, Joanne gave birth to a son, Conor David.

"I can use the title loosely because there are many extra things in the job." **Ray Saunder's** title now is manager of personnel and payroll and she's been with Daymond for 25 years. Ray's two sons, and the backyard pool, built by her husband, were the props during a hot day of photography in Mississauga, Ontario. "Unfortunately," Ray says, "I'd just had my hair done for the photos and the boys dunked me!"



Carpentry and reading reduce the stress of sugar trading for **Howard Dennis**, vice-president of Redpath Sugars. "Following the sugar market is challenging and exacting, but when you concentrate on building a stereo cabinet in your workshop it has a marvellously therapeutic effect." Relaxing with family in Lachine, Quebec, certainly helps too.





Reading is the lesson of the day for **Pat Schaff**'s two sons, especially for the eldest, who started school last fall. Pat gets her share of reading at work, as stockroom clerk for Gienow in Calgary, Alberta. Pat's been with Gienow for three years and is also president of Gienow's Social Club.



"I can see all the packaging operations and I speak to many different people." **Rejeanne Lalonde** enjoys her work as a chargehand, or supervisor, at Redpath Sugars in Montreal. In her spare time, she likes to cook, go to the theatre, and take long walks in the fresh air.



Financial Highlights

Revenue	\$ 284,638,000
Net Income	\$ 4,770,000
Per Share	\$ 1.50
Dividends	\$ 3,290,000
Per Share	\$ 1.03

All divisions except engineering and consulting achieved higher revenues in the year.

Earnings declined due to losses in joint venture sugar refining in Yonkers, N.Y.

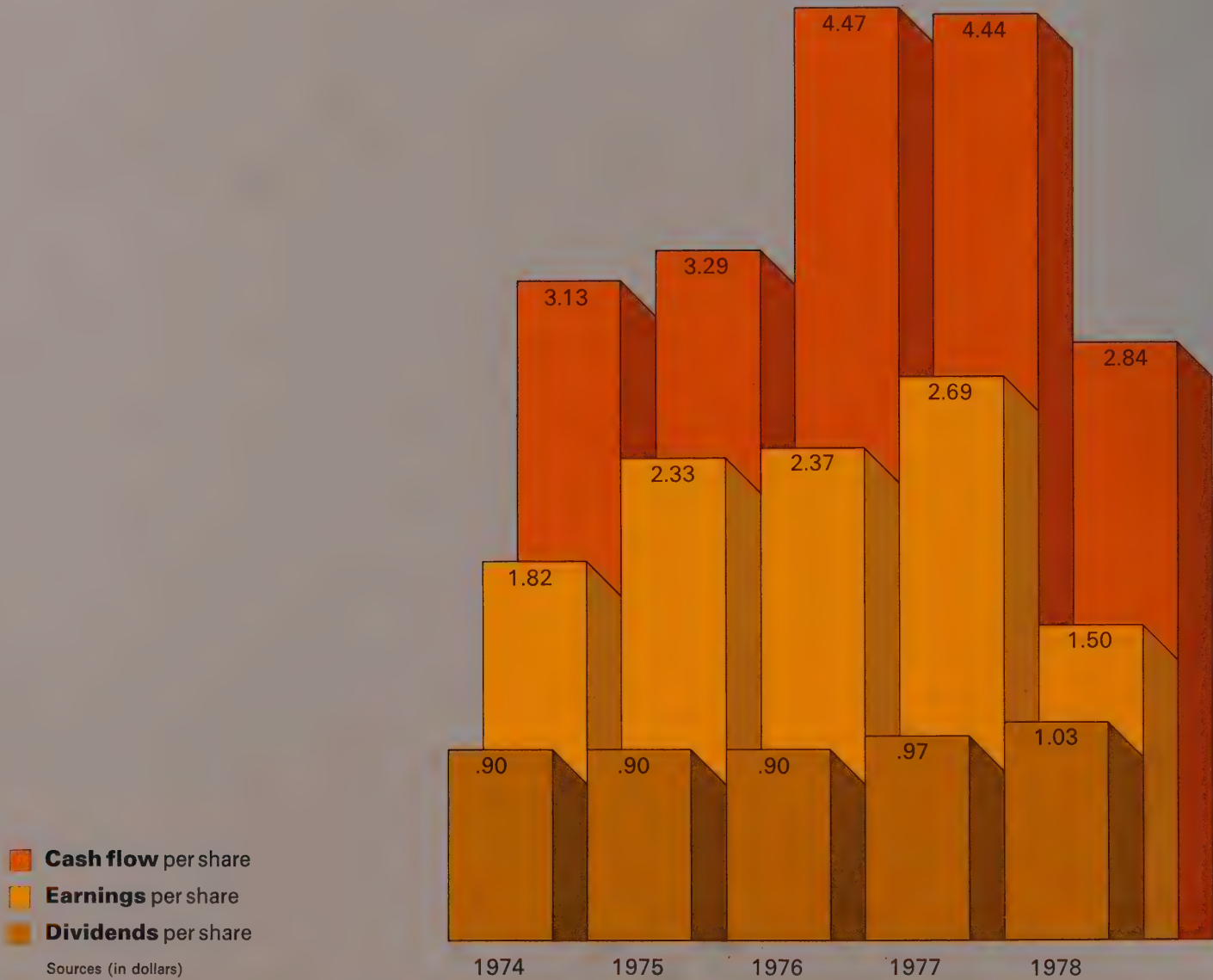
Net income from all other divisions was in total approximately the same as in the prior year.

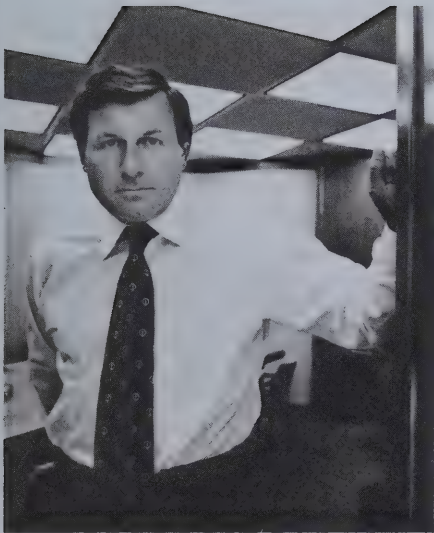
Expenditure in property, new plant and equipment totalled \$12,060,000.

Working capital declined by \$4,254,000 and stands at \$39,709,000.

Shareholders' Annual and Special General Meeting

The annual and a special general shareholders' meeting will be held in Montreal, Quebec at Le Quatre Saisons Hotel, on Tuesday, February 27, 1979 at 11:30 a.m. A buffet luncheon will be served following the meeting.





N.M. Shaw
President and Chief Executive Officer

Financial

Your company sustained reduced profits in the year ended September 30, 1978 while total revenues amounted to \$284,638,000, a record level for the sixth consecutive year. In the previous year, revenues totalled \$271,319,000.

Consolidated net income for the year amounted to \$4,770,000 or \$1.50 per share compared to \$8,571,000 or \$2.69 per share in 1977.

A major cause of the substantial drop in earnings was the continuing losses incurred by Refined Syrups & Sugars, Inc. (RS&S), the joint venture sugar refinery in Yonkers, New York. Accounting convention requires these losses to be included on a gross basis without benefit of any future income tax recovery. Losses at a reduced rate are expected until the capital program to convert the refinery from primarily liquid output to granulated production is completed. The program is on schedule and is expected to be concluded by October 1979.

Distribution of Total Revenues
Year ended September 30, 1978

Supply of sugar	52.0%
Reinvested profits	0.5%
Dividends	1.1%
Taxes	1.5%
Depreciation and amortization	1.9%
Remuneration	12.0%
Supply of other goods and services	31.0%



Volume of sales and revenues of RS&S were significantly higher than a year ago. Billings rendered on the Ivory Coast construction contract declined in the year. All other divisions reported increased revenues in 1978. Revenue was earned from: sugar refining in Canada \$141,524,000 compared to \$134,280,000 in 1977; U.S. sugar refining (50% interest) \$44,544,000 compared to \$22,470,000 last year; construction materials division \$49,385,000 compared with \$45,171,000 in 1977; engineering and consulting \$37,094,000 in 1978 versus \$58,468,000 in 1977; packaging \$10,521,000 compared to \$9,030,000 last year.

While the volume of sugar sold in Canada and the U.S. reached a new high, unit sales values were depressed because of continued low sugar prices. Significant and severe price competition has been prevalent in both the Canadian and U.S. sugar markets. In Canada, a successful marketing campaign and further plant efficiencies improved operating profits. Market conditions in 1978 were less favourable for raw sugar trading activities and produced profits somewhat lower than in 1977 but which were on target with expectations.

The construction materials division had record sales but profits were adversely affected by increased costs incurred in the start up of the company's new aluminum extrusion fabricating and anodizing plant at Chatham, Ontario. This plant is now operating satisfactorily and the division is now expected to attain forecast profit levels.

Expenditures on property, plant and equipment during the year totalled \$12,060,000 of which \$5,800,000 was invested in sugar facilities, \$4,755,000 in construction materials and the balance includes

new equipment for the packaging business and preliminary construction costs in the high fructose corn sweetener joint venture. In fiscal 1979 investments in property, plant and equipment should total approximately \$21,600,000 which will include \$10.5 million for construction of the new high fructose corn sweetener facility in London, Ontario.

On March 15, 1978 the Quebec Court of Appeal upheld the acquittal of your company on a charge that it, and two of its competitors, conspired to enhance prices unreasonably, but found the companies guilty of unduly lessening competition and referred the matter back to the Quebec Superior Court for sentencing. On October 6, 1978 a fine of \$750,000 was imposed on each of the three companies. Your company, and the others have appealed the conviction to the Supreme Court of Canada and it is expected the appeal will be heard early in 1979. Payment of the fine was suspended pending outcome of the appeal. The amount of the fine has also been appealed.

Your company is presently constituted under the provisions of Part I of the Canada Corporations Act. It is proposed to seek approval at the shareholders' meeting scheduled for February 1979 to apply for a Certificate of Continuance under the Canada Business Corporations Act. In that connection shareholders will be asked to confirm a new general by-law enacted by the directors, which conforms to the substance and requirements of the Canada Business Corporations Act.

Amendments to the Income Tax Act of Canada eliminated with effect from December 31, 1978 the concept of tax-paid undistributed surplus on hand and 1971 capital surplus on hand. Accordingly the payment of "tax deferred" dividends will no longer be allowed. As a result, your Board of Directors considers it desirable to alter the share capital of the company at the same time as application is made for continuance under

the Canada Business Corporations Act. It is proposed that the Class B shares on which "tax deferred" dividends had been paid will be reclassified as common shares and following continuance, the company's authorized capital will consist of common shares and preferred shares. It will not be necessary to exchange or surrender present Class A and Class B certificates since the present Class A and Class B shares will become and be treated in all respects as common shares. It is not proposed at the present time to issue any of the preferred shares.

Because of the major investment commitment in RS&S plant modifications and the joint venture with John Labatt Limited to build a corn sweetener plant, capital expenditures of other divisions will be restrained over the next two years.

Agro-Industrial Division

Sales volume of refined sugar from the Montreal and Toronto refineries is ahead of last year due to an increase in exports. Consumption of sugar in Canada is unchanged from a year ago and has remained at a figure slightly below historic levels. Margins in 1978 were low because of keen competition resulting from overcapacity in

eastern Canada's sugar refining industry. Profit from sugar trading while not as favourable as last year was satisfactory.

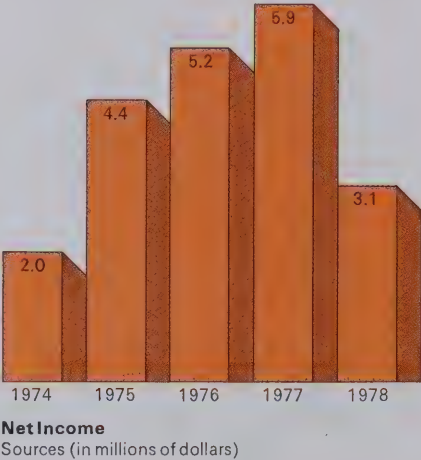
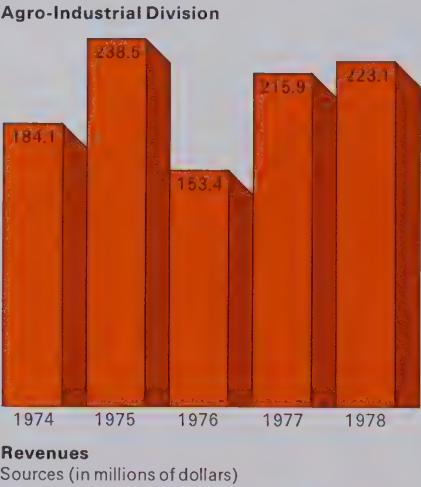
The new International Sugar Agreement came into effect, as anticipated on January 1, 1978. The objective of the agreement is to maintain world raw sugar prices between 11 cents and 21 cents U.S. per pound F.O.B. The mechanisms which are employed to support these levels are financially assisted stock piling and control of exports by producer countries. Although the minimum price objective has not yet been attained, it is believed the raw sugar market is trading at higher levels than would have been the case in the absence of an agreement. Redpath Sugars operations have not been significantly affected under the regulations of the agreement.

In anticipation of the signing of the sugar agreement, large quantities of raw sugar were imported into U.S.A. in the quarter ended December 31, 1977. This sugar which overhung the market during the early part of 1978 was a significant factor in the severe price competition which prevailed in northeastern U.S.

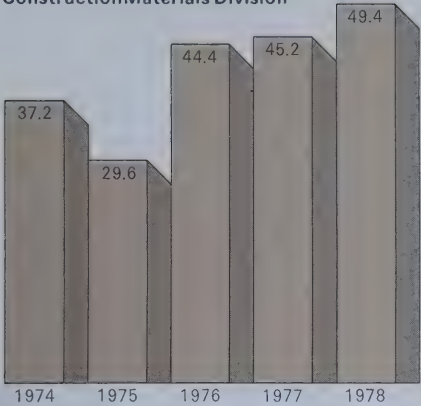
Although the United States has not yet ratified its membership to the agreement, it is expected to do so early in 1979. Congress has delayed ratification pending legislation of a sugar policy aimed at assisting U.S. domestic sugar producers through support of the domestic U.S. price of sugar. The anticipated congressional action to create a comprehensive sugar policy should not dramatically affect the future activities of RS&S.

RS&S increased the volume throughput of its plant even while its modification and expansion program was underway. The capital cost of the modification program is currently running approximately as estimated. When completed at the end of calendar 1979, with production emphasis on granulated rather than liquid sugar as at present, the refinery will be in a substantially improved competitive position with a firm foothold in the large northeastern U.S. market. Profitable operations are not expected prior to spring of 1980.

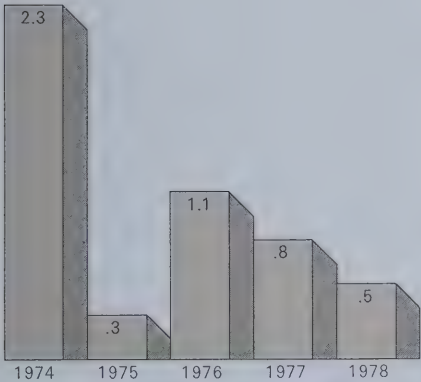
The Ivory Coast contract to construct a raw sugar factory, related



ConstructionMaterials Division



Revenues
Sources (in millions of dollars)



Net Income
Sources (in millions of dollars)

infrastructure and clearing and planting of cane fields, is expected to be completed in the first half of 1979. A five year management contract for the start up and initial management of the project has just commenced. Other overseas projects are being actively pursued by the consulting and engineering division.

High Fructose Corn Sweetener

Following extensive engineering and financial studies, a final decision was made in mid-1978 to proceed with a 50% joint venture, known as Zymaize Company, between your company’s major subsidiary, Redpath Sugars Limited, and two wholly-owned subsidiaries of John Labatt Limited. A contract has been let for the detailed engineering, procurement and construction management. Work is proceeding satisfactorily with a target date for completion of construction of August 1980.

Zymaize Company will operate a corn wet-milling and starch conversion plant for the production and sale of starch-derived sweeteners, principally high fructose corn sweetener. The new facility will cost approximately \$60 million. When completed the plant will provide a major new

sweetener product and will insulate your company to some extent from dependence on its sugar refining activities. Canada will obtain substantial benefit from the project through expanded markets for agricultural products, provision of employment opportunities and a lessening of foreign exchange expenditures.

Construction Materials Division

Sales revenue in the construction materials division reached a record level, 9.3% higher than last year. Daymond Limited had higher than expected sales in its plastic division, particularly for its high quality line of vinyl siding which is experiencing rapid sales growth. Drainage pipe sales improved despite increased competition, and the outlook is encouraging. The new modern aluminum extrusion, fabricating and anodizing plant at Chatham, Ontario is expected to have a positive impact now that start up problems have been resolved.

Multi Fittings Limited faced intense competition in the Canadian market where generally depressed prices were experienced. The situation has recently shown improvement with margins returning to normal and the division continues as a leading supplier of plastic fittings. The U.S. subsidiary of Multi Fittings was an important contributor to the company’s earnings. Sales outlets have been expanded to include locations in Alberta and British Columbia and the State of Washington.

Gienow Limited finished the year below expectations as a result of difficult market conditions and severe competition. Management has recently been restructured and the company is now operating profitably.

Packaging Division

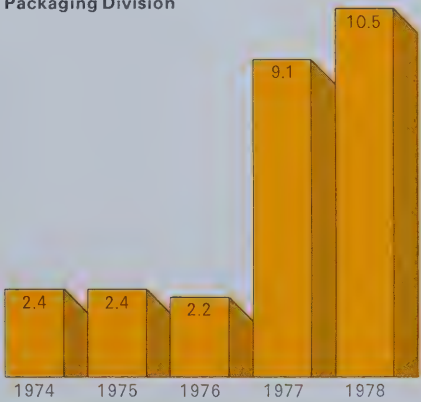
The packaging companies as a unit performed well with record sales and profitability above the industry average.

The packaging industry continues to be highly competitive but by pursuing a policy of selectivity of customers and markets a continuing acceptable level of contribution from this division is expected.

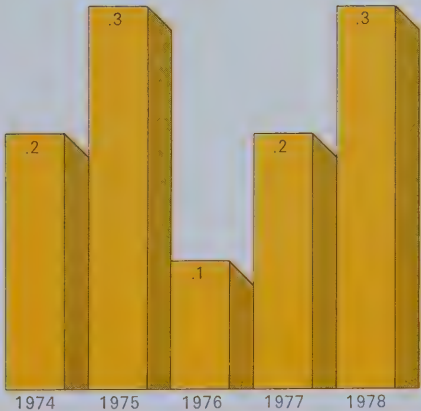
Oil and Gas

The joint venture exploration program started in late 1975 has resulted in a drilling success rate of 77%. During 1978 the company participated in 4 projects, all of which were successful, resulting in 1 oil well and 3 gas wells. Two wells are currently being drilled and 11 more are planned before spring 1979. An interest has also been acquired in acreage in the northern U.S.A.

Packaging Division



Revenues
Sources (in millions of dollars)



Net Income
Sources (in millions of dollars)



Appointments and Retirements

The Honourable Louis P. Beaubien retired from the Board in December 1978 having reached mandatory retirement age under the company's by-laws. He served the company with distinction since joining the Board on December 18, 1963 and his dedication and experience contributed in large measure to your company's growth in the intervening years. The Board is appreciative of his wise counsel and guidance.

Mr. W. Darcy McKeough accepted an appointment as a director of the company to fill the vacancy which occurred upon the retirement of the Honourable Louis P. Beaubien. Mr. McKeough is Chairman of McKeough Sons Company Limited, Chatham, Ontario and a director of several other companies. He is a former Treasurer of Ontario and held other important cabinet portfolios during his career in the Ontario legislature. Mr. McKeough's broad range of business experience will be of great value to the Board.

During the year, Mr. Peter R. Baker was appointed a Vice-President of the company.

Pensions

The company is aware of the effects of inflation on those on a fixed income, and continues to provide on an ex gratia basis supplemental pension payments to its retired employees.

Appreciation

The talents and efforts of all employees in the RIL group are acknowledged with appreciation. One benefit of a difficult year when results are below expectations is that goals and performance are more closely evaluated. Employees over the past year have risen to the challenge and with their dedication and support the company can look to the future with confidence.

On Behalf of the Board

N. M. Shaw

N. M. Shaw

President and Chief Executive Officer

December 18, 1978

	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969
Revenue <i>(excluding equity in earnings of affiliate)</i>	284,638	271,319	200,393	270,934	223,925	128,217	103,291	85,135	74,994	64,578
Income taxes	4,277	6,567	5,145	3,985	4,216	3,141	3,300	3,725	3,250	3,600
Net income <i>(excluding extraordinary items)</i>	4,770	8,571	7,531	7,343	5,712	5,244	4,300	4,392	3,836	4,243
Dividends	3,290	3,079	2,858	2,835	2,819	2,790	2,790	2,790	2,635	2,635
Working capital	39,709	43,963	29,067	13,106	10,132	10,879	10,944	12,574	13,669	15,356
Short-term investments	19,958	23,446	21,181	16,440	1,000	—	—	—	278	3,667
Short-term notes	35,182	20,358	20,558	32,019	12,117	16,035	10,211	3,830	2,474	910
Long-term debt	31,860	29,734	1,686	2,172	2,257	2,926	3,337	3,730	4,061	5,520
Shareholders' equity	71,650	70,170	64,625	59,916	55,014	52,121	49,276	47,766	46,113	44,586
Capital expenditures	12,060	9,180	5,555	3,623	5,230	4,634	4,927	2,020	1,803	1,926
Depreciation and amortization	5,275	4,559	3,659	3,078	2,980	2,660	2,439	2,101	1,754	1,611
Net income as % of revenues	1.68	3.16	3.76	2.71	2.55	4.09	4.16	5.16	5.12	6.57
Net income as % of shareholders' equity	6.66	12.21	11.65	12.25	10.38	10.06	8.73	9.19	8.32	9.52
Earnings per share	1.50	2.69	2.37	2.33	1.82	1.69	1.39	1.41	1.23	1.37
Dividends per share	1.03	.972	.90	.90	.90	.90	.90	.90	.85	.85
Cash flow per share	2.84	4.44	4.47	3.29	3.13	2.46	2.27	1.99	1.66	1.43
Book value per share	22.52	22.06	20.34	18.88	17.56	16.81	15.89	15.41	14.87	14.38
Number of employees	1,903	2,045	1,840	1,690	1,595	1,657	1,582	1,487	1,268	1,182
Number of shareholders	2,777	2,820	2,793	2,851	2,909	2,904	2,799	2,958	3,133	3,250

Assets	Notes	1978	1977
Current:			
Cash		\$ 4,290,000	\$ 1,612,000
Accounts receivable		36,039,000	27,658,000
Inventories	2	50,510,000	50,207,000
Short-term investments		19,958,000	23,446,000
Income taxes recoverable		—	530,000
Prepaid expenses		1,463,000	1,064,000
Total current assets		112,260,000	104,517,000
Investments	4	12,562,000	13,788,000
Property, plant and equipment	5	54,498,000	48,778,000
Other assets:			
Goodwill, at cost less amortization		1,778,000	1,826,000
Long-term debt expense, at cost less amortization		777,000	851,000
Unamortized deferred foreign exchange loss	1	2,488,000	—
		5,043,000	2,677,000
		\$ 184,363,000	\$ 169,760,000

On behalf of the Board:
C. F. Harrington Director
N. M. Shaw Director

Liabilities	Notes	1978	1977
Current:			
Short-term notes		\$ 35,182,000	\$ 20,358,000
Accounts payable		21,096,000	23,289,000
Income taxes payable		1,007,000	—
Deferred income taxes on inventories		1,699,000	421,000
Construction advances	3	13,567,000	16,486,000
Total current liabilities		72,551,000	60,554,000
Long-term debt	6	31,860,000	29,734,000
Deferred income taxes		8,302,000	9,302,000
Shareholders' Equity			
Capital stock	7	15,674,000	15,674,000
Appraisal increment	1	6,232,000	6,232,000
Contributed surplus		1,000,000	1,000,000
Retained earnings	11	48,744,000	47,264,000
		71,650,000	70,170,000
		\$ 184,363,000	\$ 169,760,000

Income	Notes	1978	1977
Revenues	9	\$ 284,638,000	\$ 271,319,000
Expenses:			
Cost of sales and other operating costs		238,244,000	222,251,000
Selling, distribution and administrative		27,382,000	25,766,000
Depreciation		4,927,000	4,357,000
Amortization		348,000	202,000
Interest: long-term debt		2,730,000	327,000
other		1,960,000	3,278,000
		275,591,000	256,181,000
		9,047,000	15,138,000
Income taxes	1	4,277,000	6,567,000
Net income		\$ 4,770,000	\$ 8,571,000
Earnings per share		\$ 1.50	\$ 2.69

Retained Earnings			
Balance, beginning of year		\$ 47,264,000	\$ 41,772,000
Net income		4,770,000	8,571,000
		52,034,000	50,343,000
Dividends paid		3,290,000	3,079,000
Balance, end of year		\$ 48,744,000	\$ 47,264,000

Source of working capital	1978	1977
Operations:		
Net income	\$ 4,770,000	\$ 8,571,000
Depreciation and amortization	5,275,000	4,559,000
Deferred tax credits	(1,000,000)	1,009,000
<i>Working capital provided by operations</i>	9,045,000	14,139,000
Proceeds from:		
Issue of shares	—	53,000
Disposal of property, plant and equipment	1,413,000	518,000
Issue of long-term debt	—	26,363,000
Disposal of investments	4,981,000	504,000
<i>Total working capital provided</i>	15,439,000	41,577,000
Use of working capital		
Acquisition of businesses	—	4,064,000
Acquisition of investments	3,755,000	8,182,000
Additions to property, plant and equipment	12,060,000	9,180,000
Payment of dividends	3,290,000	3,079,000
Retirement of long-term debt	588,000	2,176,000
<i>Total working capital used</i>	19,693,000	26,681,000
Working capital		
Increase (decrease) during year	(4,254,000)	14,896,000
Balance, beginning of year	43,963,000	29,067,000
Balance, end of year	\$ 39,709,000	\$ 43,963,000

1 Significant accounting policies

The following is a summary of significant accounting policies used in the preparation of these financial statements.

a Principles of consolidation

These financial statements include the accounts of Redpath Industries Limited, all of its subsidiaries and the proportionate share of the assets, liabilities, revenues and expenses of its joint ventures.

Goodwill resulting from the acquisition of businesses is amortized on a straight-line basis at 2.5% per year.

b Inventories

A basic quantity of raw sugar equivalent is carried at a fixed value determined under the base stock method. All other inventories are valued at the lower of cost and net realizable value.

c Construction costs

Earnings from construction contracts are accounted for using the percentage-of-completion method whereby income is accrued in relation to the progress made.

d Oil and gas properties

The company follows the full cost method of accounting for its investments in oil and gas properties, whereby all costs related to the exploration for and the development of reserves are capitalized. These costs are depleted using the composite unit-of-production method based upon estimated proven reserves of oil and natural gas.

e Property, plant and equipment

Property, plant and equipment is stated at appraised replacement cost at October 1, 1961, with subsequent additions recorded at cost. Depreciation is provided on plant and equipment on a straight-line basis over the estimated useful lives of the assets at rates varying from 2½% to 30%.

f Long-term debt expense

Issuance expenses and discount on long-term debt are amortized over the life of the related debt.

g Income taxes

In accounting for income taxes the company follows the tax allocation method.

i Deferred income taxes on inventories:

The company's basis of valuation for sugar inventories is not accepted for income tax purposes. Taxes on the difference between this basis of valuation and that used in the calculation of current taxes payable are deferred.

ii Deferred income taxes:

Deferred taxes are provided on timing differences which result primarily from claiming capital cost allowed in excess of depreciation provided.

The company follows the flow-through method of accounting for investment tax credits and inventory allowances whereby the provision for income taxes is reduced for such credits.

h Translation of foreign currencies

Foreign currency receivables and payables and other foreign currency assets and liabilities carried at current prices are translated using the rate of exchange in effect at year-end. Other foreign currency assets and liabilities carried at past prices are translated using the rates of exchange in effect at the dates of transaction. Unrealized foreign exchange gains and losses relating to the translation of long-term debt of a fixed term are deferred and amortized over the remaining life of the related debt. All other foreign exchange gains and losses are included in net income for the year.

2 Inventories

Raw materials, work in process and finished goods:	1978	1977
Sugar	\$ 35,058,000	\$ 32,606,000
Construction materials	10,755,000	12,205,000
Other products	1,277,000	1,341,000
	47,090,000	46,152,000
Manufacturing and maintenance supplies	3,420,000	4,055,000
	\$ 50,510,000	\$ 50,207,000

During the year, the company acquired an additional 10,000 tons of raw sugar equivalent at an average price of \$392 per ton. The base stock now consists of 75,000 tons at an average price of \$250,

which is less than its market value at September 30, 1978. Quantities in excess of this amount are hedged on commodities markets and are not at significant market risk.

3 Construction advances

	1978	1977
Unearned advances received	\$ 35,295,000	\$ 28,614,000
Less costs deferred	21,728,000	12,128,000
Net advances	\$ 13,567,000	\$ 16,486,000

Advances received and still on hand are included in cash and short-term investments, which are valued at the lower of cost and market.

Firm commitments for equipment and services amount to approximately \$17 million at September 30, 1978.

4 Investments

	1978	1977
Portfolio, at cost (market value – \$8,978,000)	\$ 8,250,000	\$ 11,363,000
Oil and gas properties	2,048,000	1,444,000
Other, at the lower of cost and estimated realizable value	2,264,000	981,000
	\$ 12,562,000	\$ 13,788,000

5 Property, plant and equipment

	Investment	Accumulated depreciation	1978 net investment	1977 net investment
Property	\$ 4,839,000	—	\$ 4,839,000	\$ 4,515,000
Plant	29,158,000	\$ 11,116,000	18,042,000	16,226,000
Equipment	64,523,000	32,906,000	31,617,000	28,037,000
	\$ 98,520,000	\$ 44,022,000	\$ 54,498,000	\$ 48,778,000

6 Long-term debt

	1978	1977
9% Debentures due September 15, 1989 (U.S. \$25,000,000)	\$ 29,578,000	\$ 26,864,000
5% Sinking Fund Debentures due July 15, 1978	—	1,022,000
Promissory note, bearing effective interest at the U.S. prime rate plus ½%, payable in annual instalments of \$296,000 (\$887,000 in 1981) and due September 30, 1981 (U.S. \$1,250,000)	1,479,000	1,610,000
Non-interest bearing balance of payment, payable in annual instalments of \$200,000 (\$250,000 in 1980) and due September 17, 1980	450,000	650,000
Promissory note, bearing interest at the Canadian prime rate, payable in annual instalments of \$100,000 (\$150,000 in 1979) and due October 31, 1979	250,000	350,000
7½% note payable in monthly instalments including principal and interest and due October 4, 1984 (U.S. \$401,000)	475,000	503,000
Other	377,000	520,000
	32,609,000	31,519,000
Less current portion in accounts payable	749,000	1,785,000
	\$ 31,860,000	\$ 29,734,000

Long-term debt is repayable as follows:
1980: \$925,000; 1981: \$1,120,000; 1982: \$80,000; 1983: \$80,000;
1984: \$80,000 and subsequently \$29,575,000.

7 Capital stock

Authorized: 6,000,000 Class A and Class B inter-convertible common shares of no par value.
Issued: 3,181,500 common shares.
Under a stock option plan for officers and key employees, shares were reserved for issue at prices which cannot be less than 90%

of the fair market value at date of grant. During the year, no options were issued or exercised. At September 30, 1978, options for 2,500 shares to key employees remained outstanding at an option price of \$9.90 per share. These options expire on February 16, 1980.

8 Contingencies

On March 15, 1978 the Quebec Court of Appeal gave its judgment in the appeal by the Crown against the acquittal of the company and two of its competitors on charges of conspiring to enhance unreasonably the price of sugar and of conspiring to unduly lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of sugar. The Court of Appeal confirmed the acquittal of the companies on the first charge and substituted a finding of guilty on the second charge and referred the matter back to the Superior Court for sentencing. On October 6, 1978 a fine of \$750,000 was imposed on each of the three companies. The company, and the others, have appealed the conviction to the Supreme Court of Canada and it is expected the appeal will be heard early next year. The three companies have also appealed as to the amount of the fine to the Quebec Court of Appeal. Payment of the fine was suspended for twelve months to allow time for disposal of the appeals.

On February 22, 1977 income tax assessments were issued by Revenue Canada, taxation against the company for its five taxation years ended September 30, 1971 claiming \$3,026,859 in taxes plus interest at 6% per annum on the taxes alleged to be due for such years and penalties of \$756,714 on the grounds that the company should have considered as its own all the income of its

non-resident affiliate, Albion Company Limited. In addition the company was shortly thereafter served with a summons to appear in criminal court on charges that the alleged failure to include the income of Albion Company Limited constituted an offence under paragraph 239(1)(d) of the Income Tax Act (Canada) dealing with willful evasion of taxes. A corporation guilty of such an offence is liable, in addition to any penalty otherwise provided, to a fine of not less than \$25 and not exceeding \$10,000 plus, in an appropriate case, an amount not exceeding double the amount of the tax that should have been shown to be payable or that was sought to be evaded. A Notice of Objection to the assessment was filed by the company. On advice of counsel the company is strongly contesting the Crown's allegations and the trial of the criminal charge commenced January 23, 1978 and continued intermittently during the year. The Crown has not yet concluded its case and it is expected that the case for the defence will not commence until the first quarter of 1979.

Given the nature of litigation and the comments set out in this note it is not reasonably possible to determine whether any loss will ultimately result and accordingly no provision has been made in the accounts.

9 Additional information

a The company's proportionate share of the assets, liabilities, revenues and expenses of its joint ventures is as follows:

	1978	1977
Assets	\$ 32,069,000	\$ 26,074,000
Liabilities	19,155,000	14,333,000
Share of net assets	\$ 12,914,000	\$ 11,741,000
Revenues	\$ 48,712,000	\$ 25,899,000
Expenses	52,172,000	26,119,000
Share of net loss before income taxes	\$ 3,460,000	\$ 220,000

Short-term notes include \$9.6 million of notes issued by a joint venture which are secured by its sugar inventories.

b Revenues by class of business were as follows:

	1978 Amount	%	1977 Amount	%
Agro-industrial:				
Sugar refining	\$ 186,068,000	65.4	\$ 157,516,000	58.1
Consulting projects	37,094,000	13.0	58,468,000	21.5
	223,162,000	78.4	215,984,000	79.6
Construction materials	49,385,000	17.4	45,171,000	16.7
Packaging materials	10,521,000	3.7	9,030,000	3.3
Other	1,570,000	0.5	1,134,000	0.4
	\$ 284,638,000	100.0	\$ 271,319,000	100.0

c The aggregate remuneration of the company's twelve directors and eight officers, in those capacities, was \$40,000 and \$410,000 respectively. Three officers served on the Board of Directors during the year.

d Certain of the figures for 1977 have been regrouped to conform with the presentation adopted in the current year.

10 Commitments

a The company through its subsidiary, Redpath Sugars Limited, has entered into a joint venture agreement to construct a corn wet milling and starch conversion plant in London, Ontario. It is anticipated that the cost of the company's investment in the venture will approximate \$30 million over a three-year

period. Approximately \$1 million had been spent as at September 30, 1978.

b Commitments for the acquisition of other property, plant and equipment aggregate approximately \$3 million.

11 Anti-inflation program

Under the federal government's anti-inflation program the company has been subject to mandatory compliance with legislation which controls prices, profit margins, employee compensation

and shareholder dividends. The program will no longer apply to the company after December 31, 1978.

Auditors' Report

To the Shareholders of Redpath Industries Limited:

We have examined the consolidated balance sheet of Redpath Industries Limited as at September 30, 1978 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, subject to the resolution of the matters described in note 8, these consolidated financial statements present fairly the

financial position of the company as at September 30, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
November 24, 1978.

Clarkson, Gordon & Co.
Chartered Accountants

**Operating Subsidiaries,
Affiliates and
Associated Companies****Share
Capital
Held %**

CB Packaging Limited	100
<i>Toronto, Ontario</i>	
Certain-Teed/Daymond Co.	50
<i>Ann Arbor, Michigan</i>	
Comtrad Ltd.	100
<i>Mississauga, Ontario</i>	
Daymond Limited	100
<i>Mississauga, Ontario</i>	
Devonport Trading Ltd.	100
<i>Hamilton, Bermuda</i>	
Gienow Limited	100
<i>Calgary, Alberta</i>	
London Plastics Machinery Ltd.	100
<i>London, Ontario</i>	
Merry Packaging Limited	75
<i>Don Mills, Ontario</i>	
MSU-Daymond Canada Ltd.	75
<i>Mississauga, Ontario</i>	
Multi Fittings Limited	100
<i>London, Ontario</i>	
Multi Fittings (USA) Ltd.	100
<i>Waco, Texas</i>	
Redpath Sugars Limited	100
<i>Montreal, Quebec</i>	
Refined Syrups & Sugars Inc.	50
<i>Yonkers, New York</i>	
Seaway Insurance Ltd.	100
<i>Hamilton, Bermuda</i>	
Spraycool Systems Limited	100
<i>Rexdale, Ontario</i>	

Corporate Officers

Conrad F. Harrington
<i>Chairman</i>
Neil M. Shaw
<i>President and Chief Executive Officer</i>
Robert G. Brownridge, C.A.
<i>Vice-President and Treasurer</i>
Stephen Stachenko
<i>Vice-President,</i>
<i>Agro-Industrial Division</i>
Ronald F. Booth
<i>Vice-President and General Counsel</i>
Peter R. Baker
<i>Vice-President</i>
John E. Wood
<i>Secretary</i>
Michael D. Patrick, C.A.
<i>Comptroller</i>
Bruce C. McCallum
<i>Assistant Secretary</i>

Transfer Agent and Registrar

The Royal Trust Company
Montreal, Toronto, Calgary, Vancouver

Stock Listing

Toronto Stock Exchange
Montreal Stock Exchange
Ticker Symbol: RIN

Head Office

Suite 2100, South Tower
The Royal Bank Plaza
Toronto, Ontario
Tel. (416) 865-0400

Mailing Address

Post Office Box 66
The Royal Bank Plaza
Toronto, Ontario M5J 2J2

Directors

Robert G. Brownridge, C.A.
<i>Vice-President and Treasurer,</i>
<i>Redpath Industries Limited</i>
<i>Toronto, Ontario</i>
James M. Ferguson
<i>Chairman,</i>
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David A. Tate
<i>Director, Tate & Lyle, Limited</i>
<i>London, England</i>
H. Saxon Tate
<i>Group Managing Director,</i>
<i>Tate & Lyle, Limited</i>
<i>London, England</i>

*Member of the Audit Committee.

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